

BEFORE

THE PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

DOCKET NO. 2021-3-E – ORDER NO. _____

IN RE:

Annual Review of Base Rates for Fuel
Costs of Duke Energy Carolinas, LLC,
Increasing Residential and Non-
Residential Rates

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**ORDER APPROVING AND
ADOPTING ADJUSTMENT IN
FUEL COST RECOVERY
FACTORS**

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the annual review of base rates for fuel costs of Duke Energy Carolinas, LLC (“DEC” or the “Company”). The procedure followed by the Commission is set forth in S.C. Code Ann. § 58-27-865, which provides for annual hearings to allow the Commission and all interested parties to review the prudence of the fuel purchasing practices and policies of an electrical utility and for the Commission to determine if any adjustment in a utility’s fuel cost recovery mechanism is necessary and reasonable. Additionally, and pursuant to S.C. Code Ann. § 58-39-140, the Commission must determine in this proceeding whether an increase or decrease should be granted in the fuel cost component designed to recover the incremental or avoided costs incurred by the Company to implement the Distributed Energy Resources Program (“DERP”) previously approved by the Commission.

A. Notice and Intervention

By letter dated March 22, 2021, the Clerk’s Office of the Commission instructed the Company to publish a Notice of Hearing and Prefile Testimony Deadlines (the “Notice”) in

newspapers of general circulation and provide Proof of Publication on or before June 15, 2021. The letter also instructed the Company to furnish the Notice to each affected customer and provide a certification to the Commission on or before June 15, 2021, that notification had been furnished.

In compliance with the Commission’s instructions, DEC published the Notice in newspapers of general circulation and on June 15, 2021, filed with the Commission affidavits demonstrating that the Notice was duly published. DEC also furnished a copy of the Notice to its retail customers by bill insert, or electronically for those customers who agreed to receive the Notice electronically. In accordance with the instructions set forth in the Clerk’s Office’s letters, on June 15, 2021, DEC filed with the Commission affidavits certifying that a copy of the Notice was furnished to the Company’s retail customers in South Carolina.

The South Carolina Office of Regulatory Staff (“ORS”) is considered a party of record in all proceedings before the Commission pursuant to S.C. Code Ann. § 58-4-10, and timely petitions to intervene were filed by South Carolina Energy Users Committee (“SCEUC”) and the Southern Alliance for Clean Energy/South Carolina Coastal Conservation League (“SACE/CCL”). There was no opposition to any of the Petitions to Intervene and the Commission issued Orders granting each Petition to Intervene.¹

II. JURISDICTION OF THE COMMISSION

In accordance with S.C. Code Ann. § 58-27-140(1), the Commission may, upon petition, “...ascertain and fix just and reasonable standards, classifications, regulations, practices or service to be furnished, imposed, observed, and followed by any or all electrical utilities.” Further, S.C.

¹ See Order No. 2021-84-H granting the Petition to Intervene filed on behalf of SCEUC; See Order No. 2021-86-H granting the Petition to Intervene filed on behalf of SACE/CCL.

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Code Ann. § 58-27-865(B) states, in pertinent part, that “[u]pon conducting public hearings in accordance with law, the commission shall direct each company to place in effect in its base rate an amount designed to recover, during the succeeding twelve months, the fuel costs determined by the commission to be appropriate for that period, adjusted for the over recovery or under-recovery from the preceding twelve-month period.”

Consistent with the requirements of S.C. Code Ann. § 58-27-865(B), the Commission convened an evidentiary hearing to determine the reasonableness of the Company’s proposed rates to recover fuel costs and whether acceptance of those proposed rates is just, fair, and in the public interest.

III. DISCUSSION OF THE HEARING

The public evidentiary hearing in this matter was held virtually on September 13 and 14, 2021, before this Commission with the Honorable Justin T. Williams presiding as Chairman. Representing the parties and appearing before the Commission in this docket were Katie M. Brown, Esquire and Samuel J. Wellborn, Esquire for the Company; Scott Elliott, Esquire for SCEUC; Katherine Lee Mixson, Esquire and Emma Clancy, Esquire for SACE/CCL; and Andrew M. Bateman, Esquire and Christopher M. Huber, Esquire for ORS.

DEC, ORS and SACE/CCL presented witnesses regarding the Company’s base rates for fuel costs.

A. DEC TESTIMONY

The Company presented the direct testimony of Kenneth D. Church, Steven D. Capps, Bryan P. Walsh, and Jason D. Martin, along with the direct and supplemental testimony of Brett Phipps, the direct, supplemental, and rebuttal testimony of Bryan L. Sykes, and the rebuttal

testimony of John D. Swez. The pre-filed direct testimony of DEC witnesses Church, Capps, Walsh, and Martin, along with the pre-filed direct and supplemental testimony of DEC witness Phipps, the pre-filed direct, supplemental and rebuttal testimony of DEC witness Sykes, and the pre-filed rebuttal testimony of DEC witness Swez, were accepted into the record without objection. The Company witnesses' exhibits were marked as Hearing Exhibits 1 through 8 and were entered into the record of the case.²

Company witness Church testified regarding DEC's nuclear fuel purchasing practices, provided costs for the June 1, 2020 through May 31, 2021 review period, and described changes for the October 1, 2021 through September 30, 2022 billing period. The Company tendered Mr. Church as an expert in the field of nuclear fuel procurement and he was qualified as an expert in his field without objection.

Company witness Capps discussed the performance of McGuire, Catawba, and Oconee Nuclear Stations for the period of June 1, 2020 through May 31, 2021.³ Witness Capps reported to the Commission that DEC achieved a net nuclear capacity factor, including reasonable outage time, of 101.73%, which is above the 92.5% set forth in S.C. Code Ann. § 58-27-865. The Company tendered Mr. Capps as an expert in the field of nuclear plant operations and he was qualified as an expert in his field without objection.

² Hearing Exhibit 1 consists of Direct Testimony Exhibit 1 of DEC witness Church. Hearing Exhibit 2 consists of the Direct Testimony Exhibits 1 and 2 of DEC witness Capps. Hearing Exhibit 3 consists of both the public version and confidential version of Exhibit 3 to the Direct Testimony of DEC witness Capps (with the confidential version of this exhibit being kept under seal). Hearing Exhibit 4 consists of the Direct Testimony Exhibits 1 and 2 of DEC witness Phipps. Hearing Exhibit 5 consists of the Direct Testimony Exhibit 1 of DEC witness Martin. Hearing Exhibit 6 consists of the Direct Testimony Exhibits 1 through 13 of DEC witness Sykes. Hearing Exhibit 7 consists of the Supplemental Direct Testimony Exhibits 1 through 7 and Exhibit 12 of DEC witness Sykes. Hearing Exhibit 8 consists of the Rebuttal Testimony Exhibit 12 of DEC witness Sykes.

³ Pursuant to the Company's request, Commission Order No. 2021-587 ordered that Exhibit 3 of DEC witness Capps' testimony be treated as confidential.

Company witness Phipps testified regarding DEC's fossil fuel purchasing practices and costs for the period June 1, 2020 through May 31, 2021 and described related changes forthcoming for the period October 1, 2021 through September 30, 2022. He also testified regarding the updates made to the projected coal and natural gas burns and costs for the billing period based on the updated July 2021 fuels forecast. The Company tendered Mr. Phipps as an expert in the field of coal, natural gas, and reagent procurement and he was admitted as an expert in his field without objection. On cross-examination, Attorney Elliott asked Mr. Phipps about the Company's forecasting practices. Mr. Phipps testified that while he is involved with providing data on coal and natural gas pricing for the forecast, any decisions about forecasting and updating the timing of the forecasts is outside of his role. In response to Chairman Williams' question about who the appropriate witness would be to ask about the timing of the forecast, Mr. Phipps testified it would be Company witness Sykes.

Company witness Walsh described DEC's fossil/hydro/solar generation portfolio and changes made since the prior year's filing, discussed the performance of DEC's fossil/hydro/solar facilities during the period of June 1, 2020 through May 31, 2021, provided information on significant outages that occurred during the review period, and discussed DEC's environmental compliance efforts. The Company tendered Mr. Walsh as an expert in the field of fossil, hydroelectric, and utility-scale solar operations and he was admitted as an expert in his field without objection.

Company witness Martin testified regarding the DERP costs that are incorporated into the proposed fuel factors sponsored by Witness Sykes, the nature of the costs as well as any changes made to the DERP portfolio since the 2020 fuel proceeding. Witness Martin also sponsored the

Company's revisions to the 2021 Renewable Net Metering Rider RNM tariff sheet, filed as Martin Exhibit 1.

Company witness Sykes testified regarding: 1) the Company's proposed fuel factors by customer class to become effective October 1, 2021 for DEC's South Carolina customers; 2) DEC's actual expenditures for fuel, capacity-related costs, and environmental costs incurred while providing energy service to South Carolina customers for the review period of June 1, 2020 through May 31, 2021; 3) costs incurred related to DERP, for the review period; and 4) DEC's projected fuel costs, capacity-related costs, environmental costs, and DERP costs for the estimated period of June 1, 2021 through September 30, 2021, and the billing period of October 1, 2021 through September 30, 2022.

Company witness Sykes' supplemental direct testimony addressed changes made to his initial recommendations based on an updated July 2021 fuels forecast. In particular, Mr. Sykes testified that—due to unexpected material changes in fuel commodity prices—he determined that “a significant under-recovery of fuel costs would likely accrue if the rates are not updated as part of this fuel case.” Tr. Vol 1, p. 107.3, ll. 1-3. Mr. Sykes further testified that, in light of the materiality of the changes to the forecast, he recommended that the rates be updated in this proceeding.

Company witness Sykes' rebuttal testimony responded to ORS witness Briseno's testimony related to the estimated cumulative DERP avoided costs over-recovery balance through September 2021. Company witness Sykes agreed with ORS witness Briseno's recommendation. Company witness Sykes provided thirteen (13) exhibits to support his direct testimony, eight (8)

amended exhibits to support his supplemental testimony, and one (1) updated exhibit to support his rebuttal testimony.

Company witness Sykes discussed the Company's approved DERP, associated costs, and the DERP NEM Incentive. Witness Sykes testified that the Company seeks approval for DERP incremental costs amounting to a per-account monthly charge of \$0.66, \$2.63, and \$100.00 for South Carolina residential, general, and industrial customers, excluding GRT, respectively. Company witness Sykes testified that the impact of the rates set forth in his direct testimony, which used the April fuels forecast, for an average residential customer using 1,000 kWh per month is an increase of \$1.81 or 1.55%. The impact of the rates set forth in witness Sykes' supplemental testimony, which used the July fuels forecast, for an average residential customer using 1,000 kWh per month is an increase of \$3.55 or 3.0%. Witness Sykes testified that the approximate increases anticipated in the average monthly bill of the remaining customer classes based on the April fuels forecast are as follows: 1.37% for General Service customers; 2.25% for Industrial customers; and 0.70% for Lighting customers. The approximate increases anticipated in the average monthly bill of the remaining customer classes based on the July fuels forecast are as follows: 3.4% for General Service customers; 5.5% for Industrial customers; and 1.7% for Lighting customers.

On cross-examination by Attorney Elliott, Mr. Sykes testified that the Company routinely performs a quarterly fuels forecast and has since approximately 2013. Mr. Sykes explained that fuel costs always fluctuate from forecast to forecast, but the significant increase from April to July due to increasing natural gas and commodity costs was not typical. SCEUC proffered no witnesses and did not introduce any evidence suggesting that the Company's forecasting or fuel case preparation practices were in need of review or modification.

In rebuttal, Company witness Swez responded to the testimony of SACE/CCL witness Devi Glick related to DEC's unit commitment and dispatch of its coal generation stations. The Company tendered Mr. Swez as an expert in the field of generation commitment and dispatch and he was admitted as an expert in his field without objection.

Company witness Swez responded to SACE/CCL witness Glick's testimony regarding the Company's unit commitment and dispatch of its coal generation stations and explained why the Commission should not accept Ms. Glick's proposal to disallow \$3.8 million in fuel costs. Witness Swez asserted that Ms. Glick's analysis contains improper assumptions and calculations that do not accurately reflect utility operations:

- Witness Swez asserted that Ms. Glick's analysis fails to recognize that DEC unit commitment seeks to minimize production costs to serve a given amount of customer demand within reliability constraints.
- Witness Swez explained that Ms. Glick's analysis unreasonably assumes that the Company has an unlimited amount of generation at the lambda price. Mr. Swez pointed out that while Ms. Glick testified that it would have been less costly to serve retail ratepayers with other resources, she failed to offer any explanation of how the Company could have replaced the thousands of megawatts of reliable generation and capacity or identify any specific resource that should have been dispatched to serve customers absent those coal generating resources.
- Witness Swez also testified that witness Glick improperly equates the lambda data to the total compensation of a generating unit, which is more appropriate for an analysis for generators in a regional transmission organization. Mr. Swez explained

that system lambda is not an appropriate measure of whether a unit commitment decision is economic because it is a calculation of instantaneous system incremental costs, while unit commitment decisions are based on the total variable costs over a multi-day period.

- Witness Swez also explained that witness Glick's analysis fails to recognize additional physical costs of a generator that are required in order to produce energy, such as start-up and no-load costs. Mr. Swez pointed out that, in doing so, Ms. Glick ignores the real costs of commitment associated with starting a unit and keeping it online but which are not related to a change in generation output.
- Witness Swez also testified that witness Glick's analysis fails to recognize the need to run units for reliability, operating reserves, or unit testing.
- Witness Swez also testified that witness Glick's analysis selectively and improperly uses averaged data over a longer period, such as a month, in order to draw certain conclusions.
- Witness Swez asserted that Ms. Glick's analysis incorrectly implies that fixed costs should be included in unit commitment and dispatch decisions, which would potentially result in uneconomic commitment and dispatch outcomes.

B. SACE/CCL TESTIMONY

Following the presentation of the Company's witnesses, SACE/CCL presented the direct and surrebuttal testimony of Devi Glick. The pre-filed direct testimony and surrebuttal testimony of SACE/CCL witness Glick was accepted into the record without objection by the parties, and her Direct Testimony exhibit was marked as Hearing Exhibit 9 and was entered into the record of

the case.⁴ SACE/CCL tendered Ms. Glick as an expert in the fields of unit commitment practices, plant economics, and utility resource planning. The Company objected to Ms. Glick being qualified as an expert for unit commitment and plant economics on the basis that her expertise in those fields had not been sufficiently established following the voir dire of Ms. Glick. The Company's objection was overruled, and Ms. Glick was qualified as an expert in resource planning, unit commitment, and plant economics. In her testimony, Ms. Glick generally alleged that the Company had committed its coal units out of economic merit and that the average cost of generation at its coal plants exceeded the Company's marginal unit cost. Ms. Glick proposed a disallowance of \$3.8 million based on her review of the Company's commitment and dispatch of its coal units. Ms. Glick also recommended that the Company consider moving some of its coal units to "seasonal operation" and retiring some of its units.

On cross-examination, Ms. Glick admitted that she had a bias against coal as a fuel source for generating plants. Tr. Vol. 1, p. 159, ll. 2-5. She also affirmed that she had never received any training or education regarding unit commitment or dispatch, and that she had never, in any capacity, actually committed or dispatched a generator. Tr. Vol. 1, p. 159, ll. 7-15.

Ms. Glick testified that there are reasons apart from economics for which a utility may commit and dispatch a unit, including for local reactive power support, local voltage control support, testing, and maintenance activities. Tr. Vol. 1, p. 166, l. 5 through p. 167, l. 1. An example of such activities for Cliffside Unit 5 was presented and entered into the record as Hearing Exhibit No. 10.⁵ Ms. Glick conceded that these activities were not accounted for in her review of the

⁴ Hearing Exhibit No. 9 consists of the Direct Testimony Exhibit DG-1 of SACE/CCL witness Glick.

⁵ Hearing Exhibit No. 10 consists of Glick Cross Exhibit 1 submitted by the Company.

plant's commitment and dispatch over the review period, nor did they inform the disallowance amount she proposed. Tr. Vol. 1, p. 167, ll. 12-18 ("I did not actually take out the environmental compliance testing from the data source . . . I was not looking at individual days sort of saying, you know, this individual day or this individual week the unit should not have been on.").

Ms. Glick also conceded that—in order to effectuate her theory that the Company could simply turn off or de-commit its coal units—the associated capacity would have to somehow be replaced, without identifying what replacement resources the Company could call upon. Tr. Vol. 1, p. 169, ll. 10-14. Ms. Glick further clarified that the Company could build and install additional resources to accommodate system commitment and dispatch constraints. Tr. Vol. 1, p. 170, ll. 2-23. Ms. Glick also testified that she was provided with a 16-page manual the Company follows when committing and dispatching units, and that she had provided no suggestions or proposals for modifying the manual that would improve the Company's decision-making or operations. Tr. Vol. 1, p. 171, l. 22 through p. 172, l. 5.

Finally, it was pointed out in cross-examination that Ms. Glick's testimony suggests that the Company "could have at its disposal more nimble resources, such as gas resources, battery storage, and paired renewables" that may lower the Company's fuel costs. Tr. Vol. 1, p. 154.8, ll. 17-19 (emphasis added). On cross-examination, Ms. Glick affirmed that she intended to suggest that the Company should consider replacing its coal units by constructing or installing other hypothetical resources—Tr. Vol. 1, p. 172, ll. 8-24—but noted that she had not been retained to review the Company's resource plan. Tr. Vol. 1, p. 172, l. 25 through p. 173 l. 2.

C. ORS TESTIMONY

Following the presentation of SACE/CCL's witness, ORS presented the direct testimony of Anthony D. Briseno, O'Neil O. Morgan, Brandon S. Bickley, and Anthony M. Sandonato. The pre-filed direct testimony of all ORS witnesses was accepted into the record without objection by the parties, and the ORS witnesses' exhibits were marked as composite Hearing Exhibits 11 through 14 and were entered into the record of the case.

ORS witness Briseno presented direct testimony and nine (9) exhibits, which demonstrated the results of ORS's examination of DEC's books and records pertaining to the Fuel Adjustment Clause operation for the actual period of June 1, 2020 through May 31, 2021.⁶ The estimated months of the review period, June 1, 2021 through September 30, 2021, were also reflected in witness Briseno's pre-filed testimony. In his pre-filed direct testimony, witness Briseno stated that based on ORS's examination, ORS agrees with the balances and adjustments put forth by the Company as of the end of the Review Period. ORS agrees with the following (over)/under-recovery balances as calculated by the Company:

- May 2021 base fuel costs over-recovery balance of \$1,958,880;
- May 2021 environmental costs over-recovery balance of \$1,690,482;
- May 2021 capacity costs under-recovery balance of \$3,819,894;
- May 2021 DERP incremental costs over-recovery balance of \$1,762,547;
- May 2021 DERP avoided costs over-recovery balance of \$249,500;
- September 2021 base fuel costs under-recovery balance of \$22,454,755;

⁶ Composite Hearing Exhibit No. 11 consists of the Direct Testimony Exhibits of Anthony D. Briseno (Exhibits ADB1 through ADB-9).

- September 2021 environmental costs over-recovery balance of \$1,386,744;
- September 2021 capacity costs under-recovery balance of \$3,177,242; and
- September 2021 DERP incremental costs over-recovery of \$1,031,622.

Based on ORS's examination, ORS calculated the following Estimated Period adjusted balance for DEC:

- September 2021 DERP avoided costs over-recovery balance of \$178,909.

ORS witness Morgan presented direct testimony and one (1) exhibit. Witness Morgan testified regarding ORS's recommendation resulting from the examination of DEC's DERP expenses for the period of June 1, 2020 through May 31, 2021 ("Actual Period"), June 2021 through September 2021 ("Estimated Period"), and October 2021 through September 2022 ("Forecasted Period"). Specifically, witness Morgan testified regarding the Company's DERP avoided and incremental costs, the method by which the Company proposed to recover those costs, and the value of the NEM incentive. Additionally, witness Morgan addressed the Company's modification to the Renewable Net Metering Rider.⁷ ORS found the Company's DERP avoided and incremental costs to be reasonably and prudently incurred in implementing the Company's DERP, and ORS found the Company's estimated and forecasted DERP avoided and incremental costs to be reasonable. ORS found the Company's calculation of the proposed monthly DERP charges per account and the under-collected incremental costs complied with Act 236 and the Commission's orders in previous DERP-related proceedings.

⁷ Hearing Exhibit No. 12 consists of the Direct Testimony Exhibit of O'Neil O. Morgan (Exhibit OOM-1).

ORS witness Bickley presented direct testimony and six (6) exhibits.⁸ Witness Bickley testified regarding ORS's examination of DEC's power plant operations and nuclear, fossil and hydro generation performance, generation mix, and plant dispatch, used in the generation of electricity to meet the Company's retail customer requirements during the review period. Witness Bickley testified that based on ORS's review of the Company's operation of its generation facilities during the review period, ORS determined that the Company made reasonable efforts to maximize unit availability and every reasonable effort to minimize fuel costs.

ORS witness Sandonato presented revised direct testimony and five (5) exhibits.⁹ Witness Sandonato testified regarding the Company's fuel expenses used in the generation of electricity to meet the Company's South Carolina retail customer requirements during the review period. Witness Sandonato's review focused on evaluating the Company's fuel procurement and forecasting policies, procedures, and activities to ensure the Company made every reasonable effort to minimize fuel costs so as to provide reliable and high-quality service to its customers. ORS did not recommend any adjustments to the Company's proposed fuel factors based on the Company's historical and updated forecasted fuel expenses and customer sales. ORS witness Sandonato also recommended that the Company provide forecasts during the 4th quarter of the calendar year prior to the next annual fuel proceeding and in the 2nd quarter of the calendar year of the Company's next annual fuel proceeding.

⁸ Composite Hearing Exhibit No. 13 consists of the Direct Testimony Exhibits of Brandon S. Bickley (Exhibits BSB-1 through BSB-6).

⁹ Composite Hearing Exhibit No. 14 consists of the Direct Testimony Exhibits of Anthony M. Sandonato (Exhibits AMS-1 through AMS-5).

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Having heard the testimony of the witnesses and representations of counsel and after careful review of the proposed orders and all evidence in the record, the Commission finds and concludes that DEC's fuel purchasing practices and policies, plant operations, and fuel inventory management during the Review Period are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865 and are just, reasonable, and prudent, and supported by the evidence in the record.

The Commission finds that the methodology for determining the environmental cost component of the fuel factor and the methodology for allocation and recovery of the capacity-related cost component of the fuel factor (which includes purchased power capacity costs under the Public Utility Regulatory Policies Act of 1978 ("PURPA") and natural gas transportation storage costs) used by DEC in this proceeding are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865 and are just, reasonable, and prudent.

A. RECOMMENDATIONS OF SACE/CCL

We find the testimony and analysis presented by SACE/CCL to be unpersuasive and attribute to it little weight. As an initial matter, Ms. Glick's analysis did not take into account a host of material factors a utility must consider when prudently committing and dispatching its units, namely, unit commitment constraints (e.g., testing and maintenance activities), local reliability requirements (e.g., local reactive power requirements or voltage control requirements), or even the basic unit cost information the Company uses to commit and dispatch its units. General, high-level allegations of improper unit commitment and dispatch decisions that do not take into account the data relevant to those decisions have little credibility and cannot serve as a

basis for a disallowance. Indeed, Commissioner Williams pointed out in her examination of Ms. Glick that the fuel clause requires the Commission to give due regard to “reliability of service, economical generation mix, generating experience of comparable facilities, and minimization of the total cost of providing service” when considering whether to impose a disallowance. Tr. Vol. 1, p. 186, ll. 8-13 (citing S.C. Code Ann. § 58-27-865(F)). Ms. Glick responded that, in her analysis, she had taken into account only economics and cost minimization—Tr. Vol. 1, p. 187, ll. 10-11—and she did not consider the reliability needs served by the units at issue, a critical factor to a utility when it makes commitment and dispatch decisions.

Additionally, it was revealed during the hearing that the Company provided many different datasets to SACE/CCL in discovery, and even offered to meet with SACE/CCL to explain the data that it was providing. *See* Hearing Exhibit No. 15; Tr. Vol. 2, p. 354, ll. 5-18. Nevertheless, Ms. Glick repeatedly asserted that the Company did not provide data that she believed SACE/CCL requested. Tr. Vol. 1, p. 150, l. 24 through p. 151, l. 2 (“DEC’s discovery responses did not provide the contemporaneous data that it evaluated at the time it made its unit commitment decisions, despite us requesting it”); Tr. Vol. 1, p. 154.6, ll. 6-9; Tr. Vol. 1, p. 154.6, l. 17; Tr. Vol. 1, p. 168, ll. 3-6; Tr. Vol. 1, p. 195, ll. 5-16. While the apparent discovery issue was discussed between the Commission and parties at length during the hearing, SACE/CCL clarified in its closing statement that the Company did—after all—provide the data Ms. Glick claimed she needed and did not have, and SACE/CCL “formally retract[ed]” its claims about not having the data. Tr. Vol. 2, p. 357, ll. 5-9

In sum, for the reasons stated above, we attribute little to no weight to Ms. Glick’s testimony presented in this proceeding. It is wholly unclear to this Commission which of Ms.

Glick's recommendations would be impacted or resolved by the very late realization by SACE/CCL that it had, in fact, received the information it sought from the Company in discovery. We therefore decline to impose any new reporting requirements or disallowances that were recommended by the associated testimony as such recommendations were not supported by credible evidence. We also take judicial notice of the letter jointly filed by SACE/CCL on September 23, 2021 in which SACE/CCL retracts its disallowance recommendation and the Company agrees to provide certain information in discovery in future cases, and we appreciate the parties' cooperation.

IT IS THEREFORE ORDERED THAT:

1. The pre-filed testimony of ORS witnesses Anthony Briseno, O'Neil Morgan, Brandon Bickley, and Anthony Sandonato, the pre-filed testimony of DEC witnesses Kenneth Church, Steven Capps, Brett Phipps, Bryan Walsh, Jason Martin, Bryan Sykes, and John Swez, and the pre-filed testimony of SACE/CCL witness Devi Glick, along with their respective exhibits entered into evidence as Hearing Exhibits 1 through 9 and 11 through 14, are accepted into the record in the above-captioned case without objection. Lastly, the oral testimony of the above witnesses presented at the hearing on September 13, 2021 and September 14, 2021, is also incorporated into the record of this case.
2. The fuel purchasing practices, plant operations, and fuel inventory management of DEC related to the historical fuel costs and revenues for the period ending May 31, 2021, are prudent.
3. The methodologies used by the Company to calculate its avoided energy and capacity costs under PURPA for the review and billing periods are reasonable and prudent.

4. The methodologies used by the Company for determining the environmental cost component and the capacity-related cost component of the fuel factor are reasonable and prudent for the review period and the billing period.

5. The Company's revisions to the 2021 Renewable Net Metering Rider RNM tariff sheet, attached hereto as Order Exhibit 1, are lawful, just and reasonable, and shall become effective for service rendered from October 1, 2021 through September 30, 2022.

6. The Company's calculation and method of accounting for the avoided and incremental costs for NEM during the Review Period were reasonable and prudent, and were consistent with the methodology approved in Commission Order No. 2015-194, and complied with S.C. Code Ann. § 58-40-10, *et seq.*

7. The 2021 component values for NEM Distributed Energy Resource comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. § 58-48-10, *et seq.*

8. DEC shall set its base fuel factor (not including the applicable environmental cost component, capacity-related cost component, and DERP avoided cost component) at 1.8123 cents per kWh for the Residential class, 1.8123 cents per kWh for the General Service/Lighting class, and 1.8123 cents per kWh for the Industrial class for service rendered October 1, 2021 through September 30, 2022.¹⁰

9. DEC shall set its environmental cost component billing factor at 0.0180 cents per kWh for the Residential class, 0.0136 cents per kWh for the General Service/Lighting class, and

¹⁰ The base fuel factors, environmental component billing factor, avoided capacity component, and DERP charge include gross receipt tax and regulatory fees.

0.0085 cents per kWh for the Industrial class, for service rendered October 1, 2021 through September 30, 2022.

10. DEC shall set its capacity-related cost component at 0.1264 cents per kWh for the Residential class, 0.0967 cents per kWh for the General Service/Lighting class, and 0.0653 cents per kWh for the Industrial class for service rendered October 1, 2021 through September 30, 2022.

11. DEC shall set its DERP avoided cost component at 0.0040 cents per kWh for the Residential class, 0.0029 cents per kWh for the General Service/Lighting class, and 0.0020 cents per kWh for the Industrial class for service rendered October 1, 2021 through September 30, 2022.

12. DEC shall set its DERP Charge at \$0.66 per month for the Residential class, \$2.64 per month for the Commercial class, and \$100.00 per month for the Industrial class, including gross receipts tax.

13. DEC shall file the South Carolina Retail Adjustment for Fuel, Capacity-Related, Variable Environmental, and DERP Avoided Capacity Costs Rider; Renewable Net Metering Rider RNM-11; and all other retail Tariffs with the Commission and a copy with ORS within ten (10) days of receipt of this Order. The revised tariffs should be electronically filed in a text searchable PDF format using the Commission's DMS System (<https://dms.psc.sc.gov/>). An additional copy of any revised tariffs should be submitted via the E-Tariff system and a copy of any new tariffs should be sent via e-mail to etariff@psc.sc.gov to be included in the Commission's E-Tariff system (<https://etariff.psc.sc.gov>). DEC shall provide a reconciliation of each tariff rate change approved as a result of this order to each tariff rate revision filed in the E-Tariff system. Such reconciliation shall include an explanation of any differences and be submitted separately

from the Company's E-Tariff filing. Each tariff sheet shall contain a reference to this Order and its effective date at the bottom of each page.

14. DEC shall comply with the notice requirements set forth in S.C. Code Ann. § 58-27-865.

15. DEC shall continue to file the monthly reports as previously required.

16. DEC shall continue to examine and make adjustments as necessary to its natural gas hedging program in light of the on-going volatility in the domestic natural gas market. DEC shall also provide monthly natural gas hedging reports to ORS.

17. DEC shall, by rate class, account monthly to the Commission and ORS for the differences between the recovery of fuel costs through base rates and the actual fuel costs experienced by booking the difference to unbilled revenues with a corresponding deferred debit or credit.

18. DEC shall submit monthly reports to the Commission and ORS of fuel costs and scheduled and unscheduled outages of generating units with a capacity of 100 megawatts or greater.

19. Within thirty (30) days of the issuance of this Order, DEC shall recalculate the DER incentive and other components which may have changed as a result of Order No. 2021-568, issued in the generic docket regarding NEM (Docket No. 2019-182-E), file its calculations with the Commission and provide its recalculations to the parties in this docket. Any difference between the DER incentive and other components approved by the Commission in Docket No. 2021-3-E and the recalculated DER incentive and other components reflective of Order No. 2021-569 are to

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be reflected in the base fuel and DERP Incremental (over)/under collection as of August 19, 2021 (the date Order No. 2021-569 was issued), as applicable, and included in DEC's 2022 fuel filing.

20. Any relief or requests not expressly granted herein are denied.

21. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Justin T. Williams, Chairman

ATTEST:

Jocelyn Boyd, Chief Clerk/Administrator